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Economic Development

Economic development is recognized as a critical component for Salisbury to consider when planning for change. Salisbury has historically been an employment center, though as the town has evolved over the past half century, a substantial change has occurred in its ability to continue that role. The incremental increase in residential development coupled with the decrease in multiple employment sectors and the slow growth in other businesses and industries is creating an imbalance in town finances and its capacity to fund infrastructure and services. This trend needs to be reversed to ensure a stable economy that will be able to provide for both residents and businesses. It is critical, however, to realize that economic development is not contrary to residential development, historic preservation or environmental conservation. When thoughtfully conceived economic development can play a positive role in each of these areas as well.

Economic development has the potential to create jobs for local residents, thereby increasing income. Providing local jobs for local people also allows residents to spend less of their income and time on commuting and transportation. When businesses are established close enough to residential neighborhoods to reduce the need for vehicular transportation, it further enhances a community by reducing traffic.

A primary benefit of economic development is that it broadens the real property tax base so that residents bear less of the burden for total tax revenues needed by the town. Much commercial and industrial development produces a positive net fiscal benefit to the town because the tax revenues generated exceed the costs of services incurred. This is due to the way in which town services are funded, where some costs that represent a significant part of a town's budget, such as education and library services, are directly related to residential development but are paid for in part by taxes on nonresidential property. For the same reason, some types of residential development (in particular, single-family dwellings) cost more in town services than they produce in tax revenues.

Commercial development creates more local opportunities to shop for goods and obtain privately provided services. Locally available goods and services increase the percent of a community's disposal income circulating within the town. Local shops and services also enhance the quality of life in neighborhoods by reducing the need for travel to obtain goods and services and by increasing the social network of town residents and businesses. This is particularly important for residents with limited means of transportation such as elders, who depend on local transportation services including taxis and elderly bussing or are limited to walking.

Economic development can also provide uses for vacant, underused or obsolescent building space. When this happens economic development is a means to revitalize areas that have fallen into disuse. In Salisbury opportunities for revitalization through economic development exist in the Beach District, the Industrial Park, and Village Square and along the highway corridors.

Economic development however does not always come without associated costs. Development can create additional traffic, overtax public utilities, or impact neighborhoods or the environment when not chosen and sited with careful consideration of the town's assets and needs. Not all commercial or industrial development is suitable for Salisbury. Development may be restricted by real estate and utility needs, workforce availability and transportation access. Economic development must respond to the specific needs and characteristics of the town so that both the development and the community realize benefits.

The 2004 Community Development Plan cited the following goals for Economic Development in Salisbury:

- Revitalize the Beach Commercial District;
- Revitalize Salisbury Square;
- Encourage new, beneficial industrial and commercial uses in defined business zones;
- Attract new commercial uses to existing business zones near I-95.

The Master Plan will revisit these goals, re-evaluate the Town's assets and needs to determine if there are additional goals and recommend strategies the Town can implement to bring about the economic change it desires.

Profile of Salisbury's Economy

Tax Base

The distribution of the tax base among land use categories provides an initial glimpse of the Town's economic structure. As indicated in Table 1, residential uses account for approximately 82.8% of the total assessed valuation in Salisbury. This is slightly lower than the norm for Massachusetts communities: for the 350 communities for which FY2007 data was available, the median residential percentage was 89.7% and the mean was 84.6%. In other words, Salisbury has a somewhat broader tax base than Massachusetts cities and towns generally.

Table 1: Salisbury's Property Tax Base, FY2007

Classification	Assessed Value	% of Total
Residential	$1,277,695,220	82.8%
Commercial	$220,844,694	14.3%
Industrial	$24,386,755	1.6%
Personal Property *	$20,135,910	1.3%
Total	$1,543,062,579	

** "Personal Property" refers to furnishings, equipment, inventory, etc. used in a business, and thus is part of the commercial and industrial tax base.*
Source: Massachusetts Department of Revenue

As Table 2 indicates, Salisbury's total assessed valuation is in the middle of the thirteen northeast Essex County communities. Furthermore, the nonresidential share of the Town's tax base is the highest of all of these communities.

Table 2: Assessed Value by Community, FY 2007

Municipality	Total Assessed Value in FY 2007	Residential & Open Space* as % of Total Assessed Values	C/I/P as % of Total Assessed Values
Haverhill	$6,026,841,852	87.3	12.7
Gloucester	$5,864,518,784	91.4	8.6
Newburyport	$3,510,329,680	87.3	12.7
Ipswich	$2,823,627,988	90.2	9.8
Amesbury	$2,108,698,590	87.5	12.5
SALISBURY	$1,543,062,579	82.8	17.2
Newbury	$1,437,975,207	96.0	4.0
Georgetown	$1,286,613,330	91.1	8.9
Groveland	$933,906,914	92.3	7.7
Rowley	$932,186,202	87.8	12.2
West Newbury	$819,428,309	98.1	1.9
Essex	$815,191,000	88.7	11.3
Merrimac	$809,259,812	95.9	4.1

** "Open Space" includes only parcels classified by the Assessors as such, and generally is limited to land that is protected from development. It does not include (a) publicly owned conservation and recreation land or (b) land that is currently vacant but might be developable.*

Source: Massachusetts Department of Revenue

Property values for all of these communities have increased significantly over the past decade, as shown in Table 3. As assessed values have increased, there has been an overall decrease in tax rates.

Source: ___________________

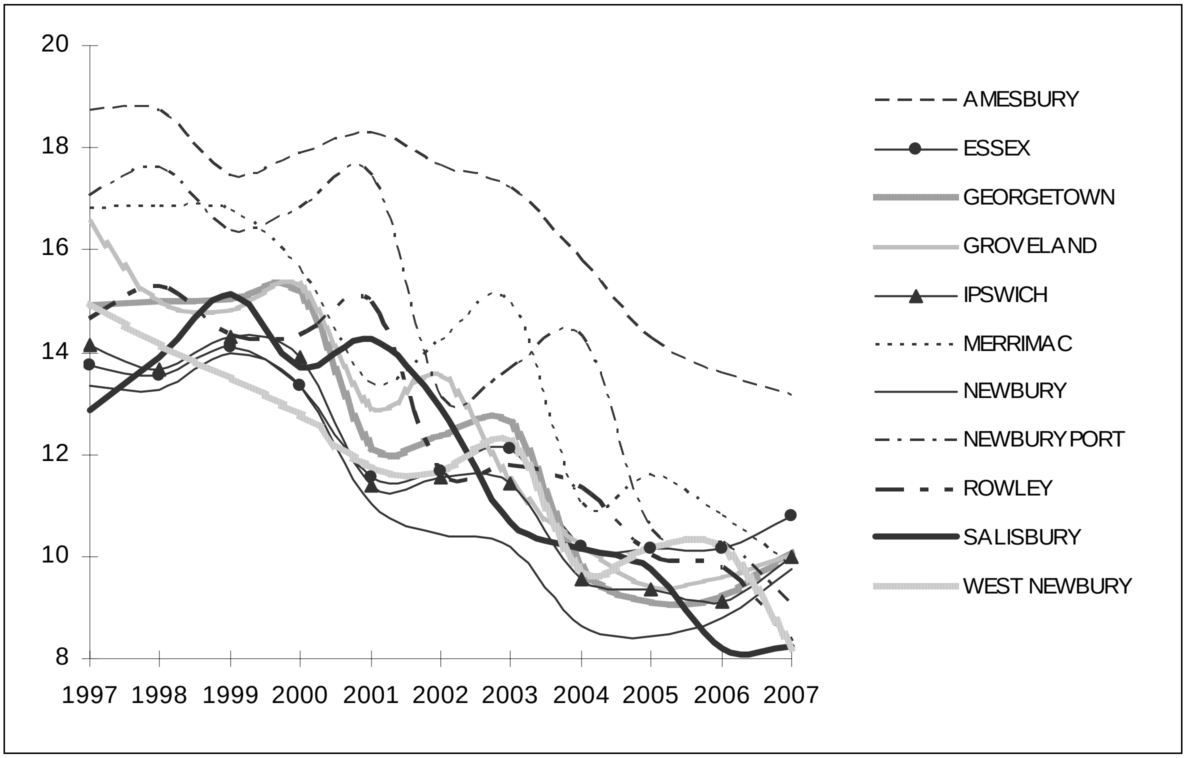
Figure 1 illustrates the change in property tax rates for all of these communities that use a single tax rate between the Fiscal Years 1997 and 2007. Gloucester and Haverhill are not included as they use a split rate (businesses are taxed at a higher rate than residences). Although all of the comparison communities' tax rates have been decreasing over the past decade, Salisbury's tax rate continues to remain the lowest in the region.

Table 3: Total Assessed Value by Community 1997 and 2007

	1997	2007	% Increase
Merrimac	$257,170,300	$809,259,812	68.2%
Newburyport	$1,124,484,262	$3,510,329,680	68.0%
Groveland	$300,305,656	$933,906,914	67.8%
Gloucester	$1,905,776,400	$5,864,518,784	67.5%
Ipswich	$922,537,632	$2,823,627,988	67.3%
Newbury	$479,371,115	$1,437,975,207	66.7%
Haverhill	$2,023,467,377	$6,026,841,852	66.4%
Salisbury	**$524,225,322**	**$1,543,062,579**	**66.0%**
Rowley	$323,059,644	$932,186,202	65.3%
Essex	$284,014,450	$815,191,000	65.2%
Georgetown	$458,738,275	$1,286,613,330	64.3%
Amesbury	$761,628,906	$2,108,698,590	63.9%

Source: ___________________

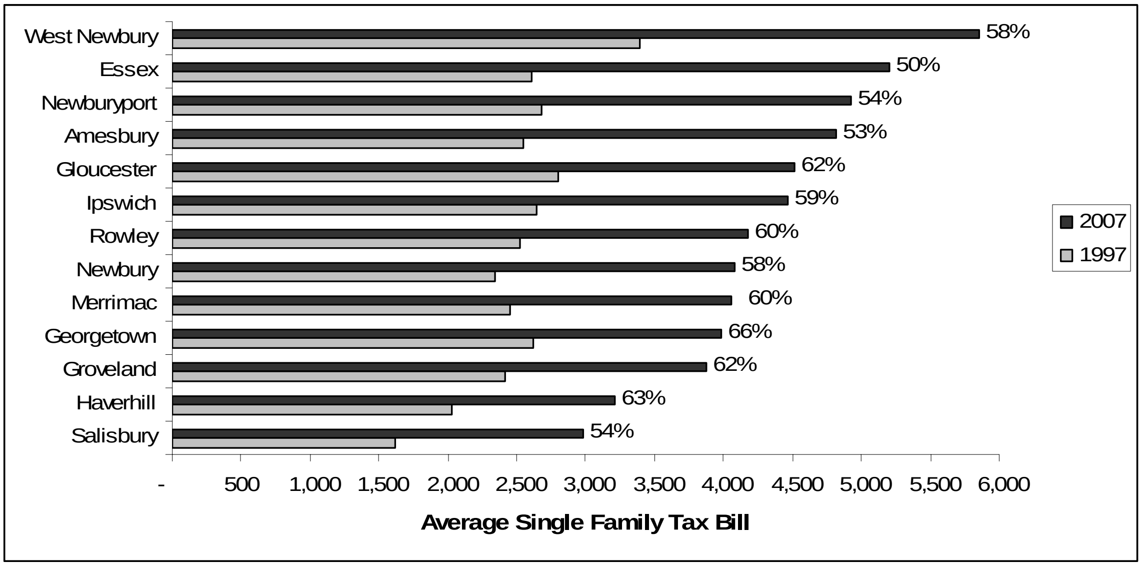
Figure 1: Area Tax Rate Trends from 1997 to 2007



Source: ___________________

For a property owner, the amount of the tax bill is usually more important than the tax rate: a low rate applied to a high valuation might result in a higher annual cost to the property owner than a higher rate applied to a much lower valuation. Because of the wide variability of commercial and industrial properties, there is no easy way to compare nonresidential tax bills among communities; however, a comparison of residential tax bills is possible and may provide some insight into this cost factor. Figure 2 compares the average tax bills for single-family homes for Fiscal Years 1997 and 2007 as well as the percent increase between those years. Salisbury's average FY1993 tax bill ranked within the lowest 25% of Massachusetts communities, and within the region, as with its tax rate, was the lowest than all of the comparison communities. By FY2007, Salisbury's average residential tax bill had increased slightly relative to the State, but still remained the lowest in the region.

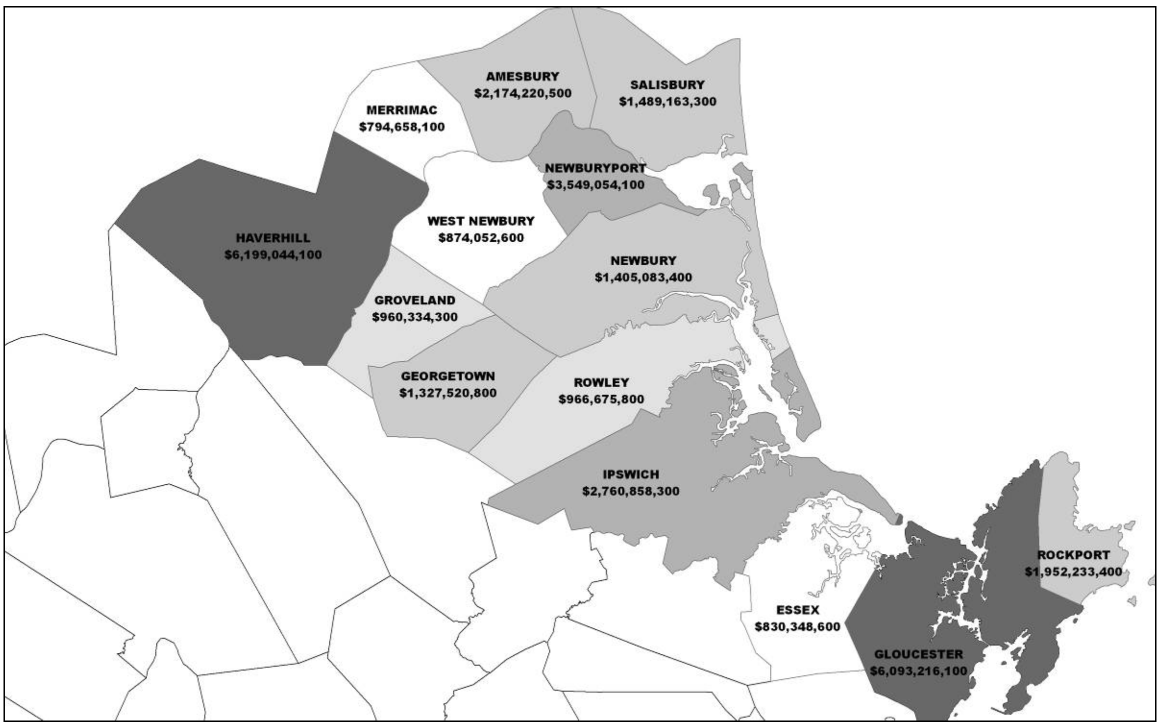
Figure 2: Area Average Single Family Tax Bills 1997 and 2007 (with percent increase)



Source: ___________________

Figure 3 shows the equalized value (EQV) of Salisbury and the comparison communities. A municipality's EQV is the sum of the estimated fair market value for each property class plus an estimate of new growth divided by the community's population. The EQV is a measure of the relative property wealth in each municipality. Salisbury has a lower EQV than its closest Massachusetts neighbors (Newburyport and Amesbury), but it falls within the mid-range of all of the comparison communities.

Figure 3: Total Valuation Per Capita in Salisbury and Neighboring Communities, 200_



Source: ___________________

Employment and Wages

Table 4 summarizes Salisbury's businesses in terms of major industry groups, with certain subsectors highlighted as well. Approximately 53% of the establishments in the

Town are service industries, including 18% in the leisure and hospitality sector. Retail and wholesale trade make up 20% of businesses. Food services and accommodation businesses employ the greatest number of employees (534), but have the lowest average weekly wage.

Table 4: Estimated Total Employment and Number of Establishments by Industry Sector, 2006

Industry Sectors and Subsectors	Number of Establishments	Total Wages	Average Monthly Employment	Average Weekly Wages
Total, All Industries	**331**	**$100,637,715**	**2,751**	**$704**
Construction	**44**	**$22,575,408**	**745**	**$1,062**
Manufacturing	**17**	**$18,350,504**	**355**	**$1,223**
Durable Goods	13	$16,517,207	355	$1,223
Non-Durable Goods Manufacturing	4	$1,833,297	377	$936
Trade, Transportation and Utilities	**81**	**$23,803,412**	**377**	**$936**
Wholesale Trade	14	$5,775,532	339	$937
Retail Trade	54	$13,510,047	38	$928
Transportation and Warehousing	11	$4,158,903	2,006	$570
Information	**5**	**$1,845,776**	**580**	**$789**
Financial Activities	**20**	**$3,015,965**	106	$1,048
Finance and Insurance	6	$1,099,819	358	$726
Real Estate and Rental and Leasing	14	$1,916,145	110	$727
Professional and Business Services	**28**	**$3,537,065**	**56**	**$634**
Professional and Technical Services	18	$2,777,334	56	$634
Administrative and Waste Services	10	$759,731	94	$617
Education and Health Services	**20**	**$8,089,877**	**36**	**$588**
Educational Services	7	$5,455,346	58	$635
Health Care and Social Assistance	13	$2,634,531	86	$791
Leisure and Hospitality	**62**	**$10,392,509**	**61**	**$876**
Arts, Entertainment, and Recreation	14	$2,662,002	25	$584
Accommodation and Food Services	48	$7,730,507	231	$673
Other Services	45	$3,625,232	**122**	**$860**

Source: ______

While the number of industries grew 5.1% from 2001 to 2005, the actual number of persons employed by these industries only grew by 2.9%, indicating that smaller businesses or businesses with fewer employees are the trend. When this slow rate of growth is compared with the more rapid population growth rate of around 6 percent (1.2% per year) in the same span, it is easy to see how the balance is shifting.

Table 5: Number of Establishments and Average Number of Employees: 2001-2005

	Total Establishments	Total Employees
2001	312	2,722
2002	322	2,857
2003	329	2,954
2004	337	2,842
2005	328	2,800
Change	5.1%	2.9%

Source: Commonwealth of Massachusetts, Executive Office of Labor and Workforce Development (EOLWD)

Resident Labor Force[1]

The Town's labor force includes 68.6% of its over-16 population, a higher labor force participation rate than that of Essex County or the state as a whole.

As of the last Census (2000), on average Salisbury residents commuted 27 miles to their place of employment and 78% worked inside Essex County. A strikingly small percentage of Salisbury residents work locally: 14% compared to 24-33% in surrounding communities. Nevertheless, Salisbury is the second largest supplier of jobs to local residents, surpassed only by Newburyport.

One reason that Salisbury has such a small percentage of local workers is that its employment base is not large enough to support the local population. Economic data

[1] Community Development Plan, 2004

from federal and state sources show that Salisbury's jobs-to-labor-force ratio is only .67, meaning the town's employer establishments provide .67 jobs for every person in the labor force. In addition, Salisbury's unemployment rate consistently runs higher than the state average. Since more than 30% of Salisbury's employment base consists of jobs that fluctuate seasonally, residents depending on local employment are particularly vulnerable to seasonal change, and unemployment usually rises during the winter.

Table 6: Average Annual Unemployment Rates: Salisbury and Massachusetts

Calendar Year	Salisbury Labor Force	Unemployment Rate	
		Salisbury	Statewide
1990	3,757	7.3%	6.0%
1991	3,738	10.7%	9.1%
1992	3,678	8.9%	8.6%
1993	3,758	10.4%	8.2%
1994	3,785	9.5%	7.1%
1995	3,733	6.1%	5.4%
1996	3,718	4.7%	4.3%
1997	3,799	4.1%	4.0%
1998	3,920	4.4%	3.3%
1999	3,922	4.2%	3.2%
2000	3,875	3.3%	2.6%
2001	3,959	5.1%	3.7%
2002	4,197	7.2%	5.3%
2003	4,278	8.1%	5.4%
2004	4,207	6.3%	6.2%
2005	4,355	5.7%	4.8%
2006	4,398	5.7%	5.0%

Source: Mass. Department of Revenue, citing Mass. Division o f Career Services. Seasonally adjusted data for 1990-2004, not seasonally adjusted for 2005-2006.

A second factor that makes it difficult for residents to work locally is that overall, local wages are lower than wages paid by employers in other parts of the Boston Primary

Metropolitan Statistical Area (PMSA), the economic statistical region that includes Salisbury. For example, according to analysis done for the 2004 Community Development Plan, while construction and wholesale trade wages in Salisbury are competitive with wages paid in the same industries throughout the Boston PMSA, this is not the case for industries such as manufacturing, finance or health care, which typically provide higher-wage employment. Salisbury's employment base includes a disproportionately large number of jobs in industries that tend to pay lower wages: food service, hospitality and retail trade.

Profile of Existing Businesses

Industrial

Fanaras Road Industrial Park encompasses approximately ______ acres, and presently houses about 23 tenants. Today tenants consist of some light assembly, engineering services and construction businesses but with a heavy emphasis on warehousing and distribution. Eight sites are currently available for lease within the Park. The site has easy access to I-95 and while zoned for manufacturing and light industry, to date it has had limited success attracting this type of tenant possibly due to the lack of public water and sewer. These services are expected to be completed in the area within the year.

It is generally agreed that the industrial park is underdeveloped and represents an area for some economic growth. However, the park is competing with a multitude of available sites within a small geographic area. For the industrial park to reach its potential it will need to capitalize on its I-95 access, available workforce, and local services. This highlights the need for Salisbury to plan its economic development comprehensively as regional retail, restaurants and services will provide critical support for industrial development.

Commercial

Salisbury's commercial businesses are generally clustered along Route 1 and Route 110, representing business corridors of varying densities. The inventory includes a mix of small businesses including retail, service, construction, recreation and restaurants. In general these businesses serve the local market, lacking the size or specialty to be a regional resource. The exception is marine-related services which do cater to a regional and a very specific market. The majority of commercial businesses are in one story, single-use/single-business buildings with their own parking, entrances and exits. A few businesses share a building and parking and several of these buildings represent a higher design standard.

Attracting additional retail to Salisbury, particularly along Elm Street where infrastructure is in place and road capacity is available, is seen by some active business members as a key strategy for economic growth. However, attracting regional-sized retailers requires high traffic volumes which to date Salisbury does not sustain throughout the year. It is anticipated that beach development will help to start building this volume. An anchor store or other destination retailer could also accelerate induced development.

Economic Opportunity Areas

Economic development planning for Salisbury will focus on further development and redevelopment within existing business centers and corridors. The key attributes and issues in these economic opportunity areas are summarized below.

Salisbury Square

Sitting close to the geographic center of Salisbury at the crossroads of Routes 1, 1A and 110, Salisbury Square is the town's civic center, containing municipal offices, the Library, town common and historical society. In order to strengthen the sense of place in the Square, the town has adopted new zoning regulations designed to foster village-scale, mixed-use development, and the recent construction of a new bank building opposite the common has been seen as an important first step in the revitalization of the area. There is increasing interest in redevelopment of several parcels in and around the Square, and the planned relocation of the public works offices from their current location near the fire station will present an opportunity to redefine this edge of the village center.

A key obstacle to enhancing the Square as a pedestrian-friendly village center continues to be the high volumes of traffic along the three major routes that converge at the common: Route 1 (Bridge Road/Lafayette Road), Route 1A (Beach Road), and Route 110 (Elm Street). The key problem is that east-west traffic (especially vehicles traveling between Interstate highways I-95 and I-495 and Salisbury Beach) must merge with north-south traffic on a short section of Route 1 on the east side of the common. A number of redesign alternatives have been considered over the years, but the high cost of implementing any of them has never been seen as justified by the limited benefit because the most serious problems occur only at peak periods during the summer. Meanwhile, the high traffic volumes create barriers to crossing the streets in the Square and make the development of a cohesive center difficult.

Gateways

Gateways are important aspects of any town and deserve to be thoughtfully considered and developed. Gateway routes can be defined as heavily traveled entrances to and through the town. These routes link employment areas, shopping centers (or corridors) and recreational areas, are used regularly by a large number of residents and visitors, and present a visual impression of the town's character. More geographically specific a gateway is often thought of as a point along such a roadway at which a motorist or pedestrian gains a sense of having entered the town or a particular part of the town. This impression can be imparted through such things as signs, monuments, landscaping, a change in development character, or a natural feature. [2]

In Salisbury, three roads can be considered gateway routes and at least four areas are logical gateway sites.

- Elm Street (Route 110) at Interstate 95
- Lafayette Road (Route 1)

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[2] A Planners Dictionary, American Planning Association, 2004

- Bridge Road (Route 1)
- Route 286 Gateway

Today the impressions of the town’s character displayed along these routes do not reflective the image the town desires or the future vision they see. The haphazard mix of uses send messages of unregulated growth, difficult pedestrian circulation, incompatible neighbors, and lack of care for the natural environment.

Elm Street (Route 110)

Elm Street supports a mix of commercial uses as well as pockets of residential development. High traffic volume makes it ideal for the former and a challenge for the latter. Already well developed as a retail corridor, and fully serviced by public water and sewer, Elm Street is a logical corridor for further development. However constraints do exist in terms of available and developable land due to extensive wetlands that limit the depth of development on many Elm Street sites. Current zoning also presents challenges for appropriate development with setbacks, lot coverage and height allowances that encourage stripmall development rather than the more dense mixed use development being encouraged in other areas of town.

Lafayette Road

Lafayette Road, a continuation of Route 1 from NH is similar to Elm Street in its diversity of uses, but without the larger anchor facilities or density. It also is not supported by public water and sewer and has zoning that may restrict the type of development the town desires. However, there are some large properties along this route, including the McKenna property, town owned and for sale properties that offer great opportunity for the type of development that the town wants to enhance both town character and its economic base.

Bridge Road

Bridge Road representing the southern end of Route 1 in Salisbury has a larger clustering of marine related retail and services at its terminus, though otherwise is developed much the same as Lafayette Road to the north. A substantial difference between the two ends of Route 1, however; is the great amount of salt marsh that exists south of Salisbury Square. This phenomenal asset that has been virtually ignored along this route and represents an opportunity for the town to rethink this gateway.

Beach District

The Beach District has long been a commercial center in Salisbury hosting businesses specific to the beach uses and wholly dependent on a visiting population. It has also been a residential community, changing from seasonal to more year round as the years have passed. Finally, it encompasses a vast ecosystem of natural resources providing the underlying reason for all the development around it. A new vision for the Beach District has been recently defined by the zoning changes the Town has adopted. The vision honors both the commercial and the residential needs of the district. There are many ways to build on the current momentum in this district to ensure that the town's new vision is realized. Bringing commercial and residential development to the area while protecting and exploiting the beachfront, its dunes, marshes and waterways will benefit not just the beach district, but the entire town and region.

Improving the Business Climate in Salisbury

Creating a fair business climate is key to any community that wants to encourage economic development. This requires not only an understanding of the many different aspects of business development but the balancing of needs between the town, existing community members and new businesses. Salisbury recognizes the need for an improved business climate and has taken some important initial steps including updating zoning, funding important infrastructure improvements, and creating a municipal office dedicated to economic development. This master planning process also seeks to assist the town in improving its business climate by undertaking a review of the Town's governance and review process with consideration of their effectiveness; and by reviewing the Town's existing zoning and regulatory structures to identify improvements or changes that can be made.

Constraints to Economic Development[3]

Water defines the beauty and character of Salisbury, yet it constrains where development can occur. The community is shaped by five unique and sensitive areas that constrain where development can occur or should be discouraged:

- The Salisbury Aquifer
- Salisbury Beach
- Salt marsh areas
- Farms in the northwest section of Town
- Rings Island.

Additionally, the Merrimack River Watershed Council (MWRC) has defined six habitat/ resource areas that further shape the layout and location of new growth and economic base expansion. The MRWC sites, whose protection will ensure the delicate wildlife balances in Salisbury, are the barrier beach system, salt marshes/tidal flats, the Merrimack River, the central area of Salisbury, the north central area of Salisbury, and west of I-95. Habitat areas are interdependent and are critical to Salisbury, especially if the beachside community is to retain its standing as a tourist and environmental attraction.

[3] Adapted from the 1996 Economic Development Plan.

The MRWC has listed four priority areas for protection in Salisbury. The priority sites are the Town Creek Area (250 acres with 25 properties), the Town Creek North Area (350 acres within 30 properties), the Black Rock Creek Area (800 acres within 80 properties) and the Coastal Marsh Area (one 1200 acre site). The MRWC priority listing translates into 2600 acres in Salisbury and 24% of the area in Town that is not ideally suited for development. From a community character standpoint, what makes the community special and attractive to growth, this land needs protection. From the viewpoint of expanding the Town's economic base by generating new jobs and new taxes, these 2600 acres channel new growth towards 5 areas; the Beach, Salisbury Square, the Route 110/Crossroads Plaza Gateway, the Route 1 Gateway and the Route 286 Gateway. These target areas set the boundaries for the Town of Salisbury Economic Development Action Plan.

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